

Portage Resources Inc.  
Form 10-K  
September 19, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-K**

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2012

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from June 1, 2011 to May 31, 2012

Commission File Number: 000-52791

**PORTAGE RESOURCES INC.**

(Exact name of registrant as specified in its charter)

Nevada 75-3244927  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

**Av. Benavides 441 Apto 101B**

**Miraflores, Lima 18, Peru**

Issuer's telephone number, including area code 011-511-733-5100

Securities registered under Section 12(b) of the Exchange Act: **None**

Securities registered under Section 12(g) of the Exchange Act: **None**

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [x]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  **Smaller reporting company**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) **No**

Aggregate market value of the voting stock of the registrant held by non-affiliates of the registrant at June 14, 2012 (computed by reference to the latest price at which the common equity was sold at \$0.0124 per share, and the aggregate market value of non-affiliates was \$489,800. The number of non-affiliate shares was 39,500,000 as of June 14, 2012.

Number of common stock issued and outstanding at 456,759,900 as of June 14, 2012.



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## ITEM 1. BUSINESS DESCRIPTION

### *Corporate Overview*

On April 30, 2008, the directors of the Company approved a resolution to forward split the issued and outstanding common shares of the Company on the basis of the issuance of 39 new shares for one existing share of common stock presently held (the Forward Split). As a result of the Forward Split every one outstanding share of common stock was increased to forty shares of common stock.

On May 1, 2008, the Secretary of State for Nevada approved an amendment to the Articles of Incorporation where the total number of shares of common stock was increased to 500,000,000 shares of common stock with a par value of \$0.001 per common share.

On February 4, 2011, the Board of Directors approved a ten for one (10:1) forward split of the issued and authorized shares of the Company. The Company's authorized common stock increased from 500,000,000 shares of common stock with a par value of \$0.001 to 5,000,000,000 shares of common stock with a par value of \$0.001.

On May 30, 2011, Paul Luna Belfiore ( Mr. Belfiore ) acquired control of four hundred eighty million (480,000,000) shares of the Company's issued and outstanding common stock, representing approximately 75.33% of the Company's total issued and outstanding common stock, from Martine Caron ( Mr. Caron ), and Russell L. James ( Mr. James ) in accordance with stock purchase agreements between Mr. Belfiore and Messrs. Caron and James, respectively, (the Stock Purchase Agreements). Pursuant to the Stock Purchase Agreements, Mr. Belfiore paid an aggregate purchase price of twenty thousand dollars (\$20,000) to Messrs. Caron and James in exchange for the shares.

On June 13, 2011, the Company raised a total of \$50,000 for working capital by way of a Regulation S private placement.

On June 15, 2011, Mr. Oscar Tinoco as appointed a Director of the Company and Vice President of Operations and on June 20, 2011, Mr. Elias Garate was appointed as a director of the Company and V.P. Exploration.

As at our fiscal year end we did not have any subsidiaries, however, subsequent to our fiscal year ended the Company incorporated two Peruvian subsidiaries, Portage Minerals Peru S.A. and Portage Resources Peru S.A. to hold its

mineral properties in Peru.

Other than as set out herein, we have not been involved in any bankruptcy, receivership or similar proceedings, nor have we been a party to any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of our business.

### ***Our Current Business***

The Company was organized for the purpose of acquiring, exploring and developing mineral properties. The Company has not established the existence of a commercially minable ore deposit and as at the fiscal year ended May 31, 2012 has not reached the exploration stage and is considered to be in the pre-exploration stage.

On June 25, 2011, the Company's wholly owned subsidiary, Portage Resources Peru S.A. ( *Portage Peru* ) entered into an assignment agreement with Airon Peru S.A.C. ( *Airon* ) whereby Airon assigned all their rights and interest in a joint venture (the *Joint Venture* ) to explore the mining concession Wuakakuy to Portage Peru. As consideration for the assignment, we issued a total of 20,000,000 common shares of the Company to Airon.

On June 27, 2011, the Company's wholly owned subsidiary, Portage Minerals Peru S.A. ( *Portage Minerals* ) entered into a purchase and sale agreement to acquire all rights, title and interest to the Linderos 4 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, Peru with Nilam Resources Inc. ( *Nilam* ). As consideration for the acquisition of the mining concession, the Company issued a total of 10,000,000 common shares of the Company to Nilam.



Under the terms of the assignment agreement Portage Peru agreed to explore the concession pursuant to the terms of the Joint Venture. Portage Peru has agreed to spend a minimum of \$150,000 on drilling and /or exploration costs and to drill a minimum of 1000 meters within the 18 months from the date of the agreement. The Company will acquire 55% of the mining concession should it meet its commitments under the assumption of joint venture. Should the Company not meet its obligations under the agreement then the property will revert back to Airon. In consideration for the assignment, we issued a total of 20,000,000 common shares of the Company to Airon. Further, under the terms of the agreement, Airon will receive a retainer of \$2,000 per month for consulting services.

On June 27, 2011, the Company's wholly owned subsidiary, Portage Minerals Peru S.A. ( Portage Minerals ) entered into a purchase and sale agreement to acquire all rights, title and interest to the Linderos 4 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, Peru with Nilam Resources Inc. ( Nilam ). As consideration for the acquisition of the mining concession, the Company issued a total of 10,000,000 common shares of the Company to Nilam.

On July 4, 2011, the Company's wholly owned subsidiary, Portage Minerals entered into a purchase and sale agreement to acquire all rights, title and interest to the Linderos 5 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, Peru with Nilam. As consideration for the acquisition of the mining concession, the Company issued a total of 8,000,000 common shares of the Company to Nilam.

On July 22, 2011, the Company's wholly owned subsidiary, Portage Peru entered into agreements to acquire certain mineral concessions known as A. Cordillera Negra located 13 kilometers from the Antamina Mine. As consideration for the agreement the parties must pay \$10,000 by September 15, 2011 and additional payments totaling \$1,535,000 over the next 42 months.

The Company has also entered into an LOI for a further two properties however as of the date of this filing no formal agreements have been executed.

The properties as described above are undeveloped mining claims. The Airon property has had some prior exploration work undertaken on the property. We intend to undertake exploration activities on our acquired properties in the hope of finding commercially viable deposits of gold and silver. We have commenced initial exploration work on the properties, and this will continue to be our principal activity, until and if our minerals of interest are discovered in commercially viable quantities, which would then become our principal products.

Our exploration programs will be exploratory in nature and there is no assurance that a commercially viable mineral deposit exists on the properties until further exploration, particularly drilling, is undertaken and a comprehensive evaluation concludes economic and legal feasibility. We have not yet generated or realized any revenues from our business operations.

Should we be successful in raising sufficient funds in order to conduct our exploration programs, the full extent and cost of which is not presently known beyond that required by our mandatory work programs noted below, and such exploration programs result in an indication that production is economically feasible, then at that point in time we would make a determination as to the best and most viable approach for the extraction of the minerals from the respective property.

***Principal Products, Markets***

As all of our minerals of interest are commodity products, they are expected to be readily saleable on an open market at then current prices; therefore we foresee no direct competition for the selling of our products, should we ever reach the production stage.

### ***Competition***

The natural resource market is intensely competitive in all its phases, highly fragmented and subject to rapid change. We will encounter strong competition from many other natural resource companies, including many that possess substantial financial resources, in acquiring economically desirable producing properties and exploratory drilling prospects, and in obtaining equipment and labor to operate and maintain the properties. We may be unable to compete successfully with our existing competitors or with any new competitors. We compete with many exploration companies which have significantly greater personnel, financial, managerial, and technical resources than we do. This competition from other companies with greater resources and reputations may result in our failure to maintain or expand our business.

### ***Seasonality***

Our claims are accessible year round, although the rainy season which can last from December to April is usually accompanied with road wash-outs and lightning hazards and can create difficulties with exploration or production activities. In Peru, the best time for exploration and production is May thru November and we plan to utilize the optimum time to the Company's advantage.

### ***Government Regulations***

Our mineral exploration programs are subject to existing regulations in the country of Peru, which sets forth rules for: locating claims, posting claims, working claims and reporting work performed. We are also subject to rules on how and where we can explore for minerals. We must comply with these laws to operate our business. We are also subject to the numerous laws for the environmental protection of forests, lakes and rivers, fisheries, wild life etc. These codes deal with environmental matters relating to the exploration and development of mining properties. We are responsible to provide a safe working environment, not disrupt archaeological sites, and conduct our activities to prevent unnecessary damage to the property.

We will secure all necessary permits for exploration and, if development is warranted on the properties, will file final plans of operation before we start any mining operations. We anticipate no discharge of water into active stream, creek, river, lake or any other body of water regulated by environmental law or regulation. No endangered species will be disturbed. Restoration of the disturbed land will be completed according to law. All holes, pits and shafts will be sealed upon abandonment of the property. It is difficult to estimate the cost of compliance with the environmental law since the full nature and extent of our proposed activities cannot be determined until we start our operations and know what that will involve from an environmental standpoint. We are in compliance with all regulations at present and will continue to comply in the future. We believe that compliance with these regulations will not adversely affect our business operations in the future.

Mineral resource exploration, production and related operations are subject to extensive rules and regulations. Failure to comply with these rules and regulations can result in substantial penalties. Our cost of doing business may be affected by the regulatory burden on the mineral industry. Although we intend to substantially comply with all applicable laws and regulations, when we begin our operations and exploration activities because these rules and regulations frequently are amended or interpreted, we cannot predict the future cost or impact of complying with these laws.

Environmental enforcement efforts with respect to mineral operations have increased over the years, and it is possible that regulations could expand and have a greater impact on future mineral exploration operations. Although our management intends to comply with all legislation and/or actions of government policies, non-compliance with applicable regulatory requirements could subject us to penalties, fines and regulatory actions, the costs of which could harm our results of operations. We cannot be sure that our proposed business operations will not violate environmental laws in the future.

There are no costs to us at the present time in connection with compliance with environmental laws. However, since we do anticipate engaging in natural resource projects, these costs could and likely will occur. Costs could extend into the millions of dollars for which we could be liable. Any significant liability could wipe out our assets and resources.

### ***Employees***

Neither the Company nor its wholly owned subsidiaries have any employees. We have not entered into employment agreements with any of the officers or directors of the Company.

In order to undertake exploration activities on our properties, effective September 1, 2011, the Company's wholly owned subsidiary, Portage Resources Peru S.A. will enter into a consulting agreement with Steven L. Park, M.Sc., Cpg, a consulting geologist, who will present Portage Resources Peru S.A. with a budget and a plan for work on the Company's properties. The Company will pay a retainer in the amount of \$5,000 to Mr. Park upon final execution of the agreement.

### **Forward Looking Statements**

This Annual Report on Form 10-K ( Annual Report ) contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" and the risks set out below, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

These risks include, by way of example and not in limitation:

- the uncertainty that we will not be able to successfully identify and evaluate a suitable business opportunity;
- risks related to the large number of established and well-financed entities that are actively seeking suitable business opportunities;
- risks related to the failure to successfully manage or achieve growth of a new business opportunity; and
- other risks and uncertainties related to our business strategy.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

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Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

The safe harbors of forward-looking statements provided by Section 21E of the Exchange Act are unavailable to issuers of penny stock. As we issued securities at a price below \$5.00 per share, our shares are considered penny stock and such safe harbors set forth under the Private Securities Litigation Reform Act of 1995 are unavailable to us.

Our financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common stock" refer to the common shares in our capital stock.

As used in this Annual Report, the terms "we," "us," "Company," "our" and "Portage" mean Portage Resources Inc., unless otherwise indicated.

## ITEM 1A. RISK FACTORS

### *Inherent Risks in Our Business and the Mining Industry*

The search for valuable minerals as a business involves substantial risks. The likelihood of our success and success in the mining industry must be considered in light of the substantial risks, problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that the Company plans to undertake. These potential problems include, but are not limited to, the inherent speculative nature of exploration of mining properties, numerous hazards including pollution, cave-ins and other hazards against which the company cannot, or may elect not to, insure, burdensome government regulations and other legal uncertainties, market fluctuations relating to the minerals and metals which we seek to exploit, other unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates.

### *Compliance with Government Regulation*

The Company will be required to comply with all regulations, rules and directives of governmental authorities and agencies applicable to the exploration of minerals in Peru.

The Company will have to sustain the cost of reclamation and environmental mediation for all exploration and development work undertaken. The amount of these costs is not known at this time as we do not know the extent of the exploration program that will be undertaken beyond completion of the currently planned work programs. Because there is presently no information on the size, tenor, or quality of any resource or reserves at this time, it is impossible to assess the impact of any capital expenditures on earnings or our competitive position in the event a potentially economic deposit is discovered.

If the Company enters into production, the cost of complying with permit and regulatory environment laws will be greater than in the exploration phases because the impact on the project area is greater. Permits and regulations will be required.

.

Water discharge will have to meet water standards;

.  
Dust generation may have to be minimal or otherwise re-mediated;

.  
Dumping of material on the surface may have to be re-contoured and re-vegetated;

.  
An assessment of all material to be left on the surface will need to be environmentally benign;

.  
Ground water will have to be monitored for any potential contaminants;

.  
The socio-economic impact of the project will have to be evaluated and if deemed negative, will have to be re-mediated; and

.  
There will likely have to be an impact report of the work on the local fauna and flora.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None



## ITEM 2. PROPERTIES

### *Mineral Properties*

#### *Cautionary Note to United States Investors*

We caution U.S. investors that we may have materials in the public domain that may use terms that are recognized and permitted under Canadian regulations or regulations in other jurisdictions, however the U.S. Securities and Exchange Commission ( S.E.C. ) may not recognize such terms. We have detailed below the differences in the SEC regulations as compared to the Canadian Regulations under National Instrument NI 43-101, which we may refer to below in some of our property disclosures.

#### **S.E.C. Industry Code**

**Reserve:** That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The United States Securities and Exchange Commission requires a final or full Feasibility Study to be completed in order to support either Proven or Probably Reserves and does not recognize other classifications of mineralized deposits. Note that for industrial mineral properties, in addition to the Feasibility Study, sales contracts or actual sales may be required in order to prove the project's commerciality and reserve status.

**Proven Reserves:** Reserves for which a quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, grade and/or quality are computed from the results of detailed sampling; the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, share, depth and mineral content of reserves are well established.

**Probable Reserves:** Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and

#### **National Instrument 43-101 ( NI 43-101 )**

**Mineral Reserve:** The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

**Proven Mineral Reserve:** The economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

**Probable Mineral Reserve:** The economically mineable part of an indicated, and in some circumstances, a Measured Mineral Resource,

measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, and economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

As of the date of filing of this annual report, the Company holds the following mineral properties through its wholly owned subsidiaries that were incorporated subsequent to the fiscal year ended May 31, 2011:

**Wuakakuy Claims, Putina District, Department of Puno, southeastern Peru ( Wuakakuy )**

*Claims*

On June 25, 2011, the Company's wholly owned subsidiary, Portage Resources Peru S.A. ( Portage Peru ) entered into an assignment agreement with Airon Peru S.A.C. ( Airon ) whereby Airon assigned all rights and interest in a joint venture (the Joint Venture ) to exploration of the mining concession Wuakakuy to Portage Peru. Under the terms of the assignment agreement Portage Peru agreed to explore the concession pursuant to the terms of the Joint Venture.

The Company has agreed to spend a minimum of \$150,000 on drilling and /or exploration costs and to drill a minimum of 1000 meters within 18 months from the date of the agreement. Under the assigned Joint Venture Agreement Portage will assume Airon's rights to acquire a 55% interest in the mining concession Wuakakuy by assumption of the obligations of the assignor. As consideration for the assignment, we issued a total of 20,000,000 common shares of the Company to Airon.

Should the Company not meet its obligations under the agreement then the rights to the Joint Venture will revert back to Airon. In consideration for the assignment, we issued a total of 20,000,000 common shares of the Company to Airon and Airon is to receive a retainer of \$2,000 per month for consulting services.

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The Wuakakuy Property is comprised of two mining concessions named "Wuakakuy " and "Wuakakuy Uno" totaling 600 hectares. Wuakakuy and Wuakakuy Uno overlie two mining concessions that have prior position: Cecilia No. 5, of 33.75 Has, and Cecilia No. 6, of 24.28 Has. These prior claims total 83 Has. that reduces the combined available area of Wuakakuy and Wuakakuy Uno area to 517 Has.

Wuakakuy:	Concession 01-0062506	400 ha
Wuakakuy Uno:	Concession 01-0165106	200 ha



The Wuakakuy and Wuakakuy Uno concessions fees are paid to date and the concessions are currently in good standing. The boundaries of the Property are defined by UTM coordinates on all documents and maps in the Ministry of Energy and Mines. The Property has not been legally surveyed.

The Property surrounds the Mina Cecilia on the north and east side of the mine workings and campo The Mina Cecilia mine operated at 450 tonnes per day for several decades until 1984, producing Ag-Pb-Zn-Cu from mantos in host carbonates. A portion of the tailings pile from the Mina Cecilia extends approximately 350m into the Wuakakuy concession from the boundary with Cecilia No. 6. These tailings represent the far end of the main tailings pile, consisting of very fine grain size and with little metal content other than elevated values of Pb and Zn. An environmental assessment of the tailings on the Wuakakuy concession has not yet been made. No other mines in the district are near the Property boundaries.

### ***Exploration Permit***

In Peru, a tiered system imposes three levels of permitting requirements for exploration activities. Environmental impact studies and archeological surveys must be filed for category B and C level exploration activities:

Category A: Exploration activities with minimal or no surface alterations, such as geological studies, topography, hand trenching and sampling.

Category B: Exploration activities that result in discharges, 01' waste disposal, that could impact an area not exceeding 10 hectares with fewer than 20 drill platforms. The company must file a description of planned activities, mitigation practices, and reclamation plans; and

Category C: Exploration activities that result in discharges or waste disposal that could impact an area exceeding 10 hectares, or that require more than 20 drill platforms, 01' develop more than 50 meters of tunnels.

No exploration permits have yet been applied for.

### ***Location and Access***

The claim block is a 600 hectare project, situated in Putina District, Department of Puno, southeastern Peru, 116 kilometers north-northeast of the city of Juliaca. The Property is accessible via paved road heading northeast from the

city of Juliaca to the town of Azangaro, then along gravel roads by way of the town of Munani on to the access road to Mina Cecilia located immediately south of the Property. Total travel time is approximately 4.0 hours. The city of Juliaca can be reached via paved highway from Lima, travel distance of 1,400 km, or by commercial airlines with daily service between Lima-Arequipa-Juliaca. Accommodation is available in Crucero, 25 km northwest of the project area.









The terrain on the Property is of moderate relief averaging 4,600 m in elevation above sea level. Ground cover consists of various short grasses and small brush near drainages.

Very limited supplies are available in the village of Picotani, 16 km by road southeast of the Property. Fuel and groceries are best brought in from Juliaca. Mini-busses provide once-daily public transport for the locals from Picotani to other population centers in the region: Azangaro (60 km), Crucero (50 km), Sandía (90 km). Lodging for the field crews can be arranged for in Picotani.

Annual temperatures in this area of Puno range from 25°C to -20°C, with periods of extreme precipitation from December to April. Dense fog is common during the rainy season. The optimum field season is the dry season from May through November when skies are generally clear during the day although night time temperatures fall below freezing. Weather conditions are rarely severe enough to curtail exploration activities for more than a period of days.

A power line connects the town of Picotani with Azangaro. At the nearest point this line is approximately 12 km from the Property.

The Rio Cecilia flows through the Property with a minimum flow rate of approximately 0.30 cubic m/s in the dry season. Small intermittent creeks flow into the Rio Cecilia from the south end of the Property. Several small lakes lie within a 10 km radius of the Property.

There is ample surface area for mining operations, processing plant, dumps, etc. on the property due to its low to moderate topographic relief. The surface rights are controlled by the local community; the few residents who live in the immediate area welcome mining activity with its promise of employment.

### ***Regional & Property Geology***

#### **Regional Lithology**

The Project is situated within a sequence of continental to marine, dominantly carbonate litho-types that range from Permian to late Cretaceous ages.

The Lower Permian Copacabana Group is represented locally by inter-bedded massive micritic limestone, feldspathic sandstone and red to purple siltstone. The Copacabana hosts several base metal occurrences in the region. Unconformably, overlying the Copacabana is the Chupa Formation of Upper Permian age. The Chupa is quite distinctive in the region as it is a very coarse, reddish conglomerate with angular to sub-rounded casts up to 50 cm in diameter derived from the underlying sedimentary units. Unconformably overlying the Chupa conglomerate and locally overlying the Copacabana Group is the Mitu Group of Upper Permian age consisting of continental red beds (arkosic sandstone units of varying grain size), Cretaceous sediments in the region are represented by the Huancane Formation quartz arenite and the Moho Group, which consists of a micritic limestone unit (Ayavaca Fm.) and quartz arenite, and red beds.

The overlying the Cretaceous sediments are Tertiary-age volcanic and volcanic sediments: the rhyolitic volcanics of the Miocene Picontani Formation and polymictic conglomerate and coarse clastic sediments of the Pliocene Arco Aja Formation.

### **Regional Structure**

Beate and Loayza (1999) describe the structure of the area as a complex compressive regime with the main structural trend to the NW. Accommodating trans-tensional shears to the compression are oriented orthogonally and produce NE-SW trending structures (INGMMET, 1982). Both NW and NE structures are reported to control epigenetic mineralization in the host limestone and are suggested as a guide for future exploration to find economically significant mineralization (Beate and Loayza, 1999).

The quartz-diorite source of the Tertiary volcanics may have been emplaced along the NE-SW trans-tensional shears and/or the intersections of the shears and compressional structures. These intrusions may have provided the magmatic-hydrothermal source for some of the Zn-Pb-Ag mineralization in the region.





## **Property Geology**

The Project is underlain primarily by the Copacabana Formation -massive micritic limestone, feldspathic sandstone and red to purple siltstone. The limestone and sandstone of this unit host the stratabound polymetallic mineralization in the neighboring Mina Cecilia.

Overlying the Copacabana, and in fault contact locally, are the basal units of the Mitu Group consisting of quartzite and coarse polymictic conglomerate. A prominent normal fault crosses the Wuakakuy concession juxtaposing the carbonate units of the Copacabana against sandstone and quartzite of the Mitu Group.

Bedding of the sedimentary units dips 20 -30° N and strikes WNW to E-W following a regional trend.

## **Deposit Types**

The mineralization found on the Project is stratabound, or manto replacement, Ag-Zn-Pb. Observed characteristics of this mineralization include high Ag values from argentiferous galena, local epigenetic veins and spatial association with intrusive rocks. Manto replacement and vein type deposits are mainly distally intrusion related, emplaced at high temperatures that range from 230°C to 370°C, are often limestone hosted, are often structurally controlled, and contain mineralization of Ag-Pb-Zn and in some cases contain gold. The spatial relationship of intrusive bodies and mantos along with paleo-temperature is held as evidence for a magmatic-hydrothermal origin.

Manto-associated intrusive rocks include granite, quartz monzonite, and intermediate to felsic hypabyssal lithologies. Volcanic rocks associated with the intrusive may overly the limestone locally.

Alteration of limestone wall rocks includes dolomitization and silicification. Alteration of argillite wall rocks or igneous rocks includes argillic, alteration and chloritization. Gangue minerals include quartz, barite, and gypsum.

Oxide and supergene effects in these deposits develop cassiterite, cerussite, smithsonite, Fe-oxides, Mn-oxides, and Cu and Fe carbonates. Silver mantos may be enriched at the interface between primary and secondary mineralization.

## ***Exploration***

Regional comprehensive geological and structural studies were carried out by the Geological Survey Mission -BGS (1993), and by the Instituto Geologico -Minero Metallurgico (INGEMMET) through 1972 to 1996. Beate and Loayza (1999) note that many mines and prospects in the area have been subject to geological and economic reports by the Banco Minero del Peru and other government agencies in the 1950' to the 1980's.

Minera Altiplano conducted a district-wide exploration program that included the Property. A report from an Altiplano geologist describes zones of prospective mineralization found on the Property that Altiplano sampled along a series of tractor cuts in the side of a hill in the Bonanza Cuerpo zone; sample results from that work are not available.

In 2008, as part of a NI43-101 report on the property, twelve samples were submitted for analysis by Camino Ventures. Twelve rock chip samples were taken from outcrop by the author of the report on the Wuakakuy concession. Five samples were taken from gossan outcrop in the Bonanza Cuerpo to test surface values in this zone at spacing varying from 50 -100 meters. The samples were taken across a square panel of outcrop measuring 3 x 3 meters, perpendicular to apparent bedding, i.e., on near-vertical faces of outcrop. Sample WK1106 was from a selection of the most intense gossan-barite-Mn oxide alteration found in a 10 meter area of outcrop. Sample WK-09 was from a sandstone breccia outcrop with abundant limonite (goethite) and little gossan that may mark the eastward extension of the Bonanza Cuerpo.

Samples were also collected from gossan structure outcrops in the NE Manto zone and from the mineralized fault breccia to the east of the access road across the creek from the NE Manto.

These samples were also taken as panel samples, usually 3 x 3 meters, in a plane perpendicular to bedding or fault structure.

The primary exploration target on the Project is the Bonanza Cuerpo, a zone measuring 100 x 250 meters defined by abundant gossan outcrop. A sandstone breccia outcrop further east along strike with anomalous Ag-Pb-Zn rock chip values suggests that this zone may extend more than 400m in strike length and is open on either end. Thickness of the Bonanza Cuerpo is estimated at 75 meters.

The surface expression of the Bonanza Cuerpo gossan suggests that it is a concordant body within the surrounding host carbonates of the Copacabana Group dipping 25° N and striking N70°W. Samples from the gossan taken by the author gave highly anomalous values of Pb-Zn (0.15 -0.99% Pb; 0.12 -2.4% Zn) with locally anomalous Ag (maximum of 7.8 oz./t Ag). These values from gossan are highly prospective indicators for a massive sulfide body at depth.

In the Mina Cecilia, adjacent to the Property, galena and sphalerite mineralization occurs in irregular veinlets and as sulfide hanging in limestone and calcareous sandstone, also of the Copacabana Group.

The Bonanza Cuerpo lies 700 meters north of one of the main access tunnels of the Mina Cecilia and appears to occupy the same stratigraphic horizon as the mineralization of the Mina Cecilia.

The second target is a smaller manto exposed 1,300 meters NE of the Bonanza Cuerpo in calcareous sandstone of the Mitu Group, here called the NE Manto. Full width of the manto is not exposed in trench cuts. A channel chip sample was taken across 1 m of exposed manto that returned 5 oz./t Ag, 1.3% Pb, 1.9% Zn. A sample from a gossan outcrop 200m north of this trench cut exposure ran 0.3 oz/t Ag, 4.8%Zn and no Pb.

Across the valley to the east of the NE Manto is a mineralized fault breccia on the contact between the Copacabana limestone and conglomerate of the Mitu Group. The breccia structure is 2 -5 meters in width and runs over 400 meters in strike length, trending N15°E. Two chip samples from this breccia returned anomalous values of Ag-Pb-Zn; high values were 4.5 oz/t Ag, 0.30%Pb, and 0.27% Zn.

No mineral production has been reported from the Property. The Property has not been drill tested. No mineral resource estimate can be made for the property due to insufficient sampling data.



Substantial additional exploration is required in order to determine the extent, if any, of economically viable reserves. At present, the Company will be required to raise additional funds in order to complete this exploration, for which there is no assurance it will be able to do so.

**Linderos Claims, Tabaconas District, San Ignacio Province, Department of Cajamarca, Peru**

***Claims***

On June 27, 2011, Portage Minerals Peru S.A. ( Portage Minerals ) entered into a purchase and sale agreement to acquire all rights, title and interest to the Linderos 4 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, Peru with Nilam Resources Inc. ( Nilam ). As consideration for the acquisition of the mining concession, the Company issued a total of 10,000,000 common shares of the Company to Nilam.

On July 4, 2011, Portage Minerals entered into a purchase and sale agreement to acquire all rights, title and interest to the Linderos 5 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, Peru with Nilam. As consideration for the acquisition of the mining concession, the Company issued a total of 8,000,000 common shares of the Company to Nilam.

Name: Linderos 4

Code: 01-0414408

Size: 500 ha

Name: Linderos 5

Code: 01-0414508

Size: 300 ha

### ***Exploration***

No mineral production has been reported from the Property, The Property has not been drill tested. No mineral resource estimate can be made for the property due to insufficient sampling data. Substantial additional exploration is required in order to determine the extent, if any, of economically viable reserves. At present, the Company will be required to raise additional funds in order to complete this exploration, and complete required payments, for which there is no assurance it will be able to do so.

### ***Cordillera Negra Claims, , Tabaconas District, San Ignacio Province, Department of Cajamarca, Peru***

### ***Claims***

On July 22, 2011, Portage Peru entered into agreements to acquire certain mineral concessions known as Cordillera Negra located approximately 13 km from the great Antamina Mine, consisting of two properties with a total of 1,200 hectares. The agreement between the parties calls for a payment of \$10,000 by September 15, 2011, with total additional payments of US\$1,535,000 over the next 42 months. Following the initial payment, the Company will pay \$35,000 to obtain a 43-101 geological report within five months of receiving the public deed, and thereafter, if the report is determined to be favorable, the Company will remit payments as follows: US\$ 250,000 after thirty (30) months of receipt of the public deed; US\$ 250,000 after thirty six (36) month of receipt of the public deed; US\$ 1,000,000 after forty two (42) month of receipt of the public deed.

Name: Cordillera Negra EC

Claim: 01-02499-03

Size: 1,000 ha

Name: Cordillera Negra 2 EC

Claim: 01-02952-03

Size: 200 ha

***Location and Access***

Located in the district of San Marcos, Ancash Region, approximately 200 kilometers from the city of Huaraz, at an average altitude of 4,300 meters above sea level.



*Exploration*

No mineral production has been reported from the Property, The Property has not been drill tested. No mineral resource estimate can be made for the property due to insufficient sampling data. Substantial additional exploration is required in order to determine the extent, if any, of economically viable reserves. At present, the Company will be required to raise additional funds in order to complete this exploration, and complete required payments, for which there is no assurance it will be able to do so.

**ITEM 3. LEGAL PROCEEDINGS**

We know of no material, active or pending legal proceedings against our Company, nor of any proceedings that a governmental authority is contemplating against us.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE**

None.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Market Information, Holders and Dividends**

*Market Information*

There is a limited public market for our common shares. Our common shares are quoted for trading on the OTC Bulletin Board under the symbol POTG. The market for our stock is highly volatile. We cannot assure you that there will be a market in the future for our common stock. OTC Bulletin Board stocks are traditionally smaller companies that do not meet the financial and other listing requirements of a regional or national stock exchange.

**Dividend Policy**

The Company has never paid a cash dividend on its common stock and does not intend to pay cash dividends on its common stock in the foreseeable future.

**Securities Authorized for Issuance under Equity Compensation Plans**

As of May 31, 2012, we had not adopted an equity compensation plan and had not granted any stock options.

**Recent Sales of Unregistered Securities**

Except as identified below, there were no other unregistered securities sold or issued by the Company without the registration of these securities under the Securities Act of 1933 in reliance on exemptions from such registration requirements, within the period covered by this report, which have not been previously included in a Quarterly Report on Form 10-Q or a Current Report on Form 8-K. There were no underwriting discounts or commissions paid in connection with the sale of the identified securities.

On June 13, 2011, the Company entered into a private placement with one investor for the amount of \$50,000 at \$0.10 per common share, for 500,000 shares of common stock. The 500,000 shares have not been issued as of the date of this filing but are required to be issued.

The shares above will be issued under the Regulation S exemption in compliance with the exemption from the registration requirements found in Regulation S promulgated by the Securities and Exchange Commission (the SEC) under the Securities Act of 1933, as amended. The offer and sale to the purchasers was made in an offshore transaction as defined by Rule 902(h). No directed selling efforts were made in the U.S. as defined in Rule 902(c). The offer and sale to the purchasers was not made to a U.S. person or for the account or benefit of a U.S. person. The following conditions were present in the offer and sale: a) The purchaser of the securities certified that it is not a U.S. person and did not acquire the shares for the account or benefit of any U.S. person; b) The purchaser has agreed to resell the securities only in compliance with Regulation S pursuant to a registration under the Securities Act, or pursuant to an applicable exemption from registration; and has agreed not to engage in hedging transactions with regard to the securities unless in compliance with the Securities Act; c) The purchaser has acknowledged and agreed with the Company that the Company shall refuse registration of any transfer of the securities unless made in accordance with Regulation S, pursuant to a registration statement under the Securities Act, or pursuant to an applicable exemption from registration; and d) The purchaser has represented that it is acquiring the shares for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the shares in violation of the United States federal securities laws. Neither the Company nor any person acting on its behalf offered or sold these securities by any form of general solicitation or general advertising. The shares sold are restricted securities and the certificates representing these shares have been affixed with a standard restrictive legend, which states that the securities cannot be sold without registration under the Securities Act of 1933 or an exemption therefrom.



### **Purchases of Equity Securities by the Issuer and Affiliated Purchases**

During each month within the fourth quarter of the fiscal year ended May 31, 2011, neither we nor any affiliated purchaser, as that term is defined in Rule 10b-18(a)(3) under the Exchange Act, repurchased any of our common stock or other securities.

### **ITEM 6. SELECTED FINANCIAL DATA.**

As a smaller reporting company, we are not required to provide the information required by this Item.

### **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion should be read in conjunction with our audited financial statements and the related notes that appear elsewhere in this Annual Report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Annual Report.*

Our financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles.

We are a pre-exploration stage company engaged in the acquisition of mineral properties.

### **Results of Operations**

Our revenues since inception on July 20, 2006 to date have been \$nil. For the fiscal year ended May 31, 2012, our loss from operations as compared to the fiscal year ended May 31, 2011 **did increase substantially** from (\$5,098,389) for the fiscal year ended May 31, 2012 and (\$21,591) for the fiscal year ended May 31, 2011.

The increase in the loss was due to a one time impairment of mineral claim acquisition costs in the amount of (\$4,930,000) and an increase in professional fees from \$6,099 (2011) to \$30,168 (2012). Legal fees also increased from \$1,286 (2011) to \$10,269 (2012).

We have suffered recurring losses from operations. The continuation of our Company is dependent upon our Company attaining and maintaining profitable operations and raising additional capital as needed. In this regard, we have raised capital through loan transactions in the past, and presently believe we will be able to do so in the future, as well as to be able to raise capital by way of equity financings now that the Company is actively undertaking operations on its recently acquired properties although we can offer no assurance of this outcome as no specific arrangements are in place.

### **Liquidity & Capital Resources**

As a pre-exploration stage Company, we have had no revenues for the period from July 20, 2006 (date of inception), through May 31, 2012. We expect to incur substantial costs while we commence exploration work on our properties, in addition to meeting our ongoing corporate obligations and debt servicing. As of May 31, 2012, we have cash in the amount of \$571 (\$0 - 2011), which means we have insufficient to meet our current liabilities which total \$241,871 at May 31, 2012 (\$136,901 - 2011). Further, we have no capital with which to continue operations or to meet commitments for our properties that will be required during the upcoming twelve months.

Accordingly, we will require additional funds to implement our exploration and development programs on our properties, and to meet our other pending obligations, including general and administrative costs and contractual property payments.

Management believes that it will require a minimum of \$1,200,000 during the next twelve months to meet its planned commitments. These funds may be raised through equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of our shares. There is still no assurance that we will be able to maintain operations at a level sufficient for an investor to obtain a return on his investment in our common stock. Further, we may continue to be unprofitable in the forthcoming fiscal year and beyond. We need to raise additional funds in the near future in order to proceed with our exploration program.

For the fiscal year ending May 31, 2012 we anticipate that based on meeting our known obligations for general operations, required property payments and for planned exploration activities, we will be required to raise the following funds:

	<b>Amount</b>
General operating costs	\$ 100,000
Payment of existing liabilities	140,000
Professional Fees	150,000
Consulting Fees	200,000
Property Acquisition Costs - Airon	24,000
Property Acquisition Costs - Cordillera Negra	45,000
Estimated Exploration Costs	500,000
<b>Total</b>	<b>\$ 1,159,000</b>

If we are to acquire additional properties, or undertake additional operational activities, we would be required to raise additional capital.

We cannot at this time say how much additional capital may be required. Should we be required to raise additional capital, there can be no assurance that we will be successful in raising the capital required to fund our planned expenditures or other additional activities.

We cannot accurately state at this time whether we will be required to purchase any plant or equipment or have any significant changes in the number of employees, as at this time these requirements would ensue from positive outcomes of the exploration programs on our two mineral properties. We however do not anticipate making any such purchases or hiring any employees until such time as it has undertaken the required exploration programs and results indicate the need to do so.

We expect to continue to incur losses for the foreseeable future and there can be no assurance that we will achieve or maintain revenues or profitability, or establish or sustain future growth.

## **Trend Information**

We are an exploration stage company with an objective of acquiring, exploring, and if warranted and feasible in the future, developing natural resource properties. Our primary focus in the natural resource sector is gold and silver.

To take a resource property that hosts a viable ore deposit into mining production, takes a considerable amount of time and money, and the subsequent return on investment for our stockholders would likely be long-term. We would consider, if beneficial to do so and viable under then existing agreements, selling any ore bodies that may be proven to be of merit to a major mining company. Most major mining companies obtain their ore reserves through the purchase of ore bodies found by junior exploration companies. Although these major mining companies do some exploration work themselves, many of them rely on the junior resource exploration companies to provide them with future deposits for them to mine. By selling a deposit found by us and/or our partners to these major mining companies, it would provide an immediate return to our stockholders without the long time frame and cost of putting a mine into operation ourselves, and would also provide capital for us to continue operations.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties in Peru, contain commercially exploitable reserves. Exploration for natural reserves is a speculative venture involving substantial risk. Few properties that are explored develop into producing commercially feasible reserves. Problems such as unusual or unexpected formations, and other conditions, are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan and any money spent on exploration would be lost.

Our annual operating results are likely to fluctuate significantly in the future as a result of numerous factors, including and not limited to: (i) the availability of adequate financing; (ii) our ability to develop an organization infrastructure and effective management systems; (iii) the success of our exploration and development programs; (iv) the adoption of new disclosure and/or corporate governance requirements associated with the maintenance of our status as a publicly reporting issuer; (v) potential lawsuits involving our exploration activities or other matters; and (vi) fluctuations in commodity prices.

We do not believe that inflation has had a material effect on our business at this time.

### ***Going Concern***

In their audit report relating to our financial statements for the period ended May 31, 2012, our independent accountants indicated that there is substantial doubt about our ability to continue as a going concern. Such factors identified in the report are our lack of working capital for operations and to service our debt. These factors continue to exist and raise doubt about our status as a going concern.

We anticipate that additional funding will be required in the form of equity financing from the sale of our common stock or by way of debt. At this time, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock or through a loan from our directors or unrelated parties to meet our obligations over the next twelve months.

We do not have any arrangements in place for any future debt or equity financing.

### **Critical Accounting Policies and Estimates**

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. The results of their evaluation form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions and circumstances. Our significant accounting policies are more fully discussed in the Notes to our Financial Statements.

### **Off Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements as of the date of this filing.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company, we are not required to provide the information required by this Item.

### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

The financial statements and supplementary data required by this Item 8 are listed in Item 15(a) (1) and begin on page 25 of this Annual Report on Form 10-K.

**PORTAGE RESOURCES INC.**

(AN EXPLORATION STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2012

(Stated in US Dollars)

**PORTAGE RESOURCES INC.**

**(AN EXPLORATION STAGE COMPANY)**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of **Portage Resources Inc (A Pre-Exploration Stage Company)**:

We have audited the accompanying consolidated balance sheet of Portage Resources Inc. (A Pre-Exploration Stage Company)(the Company ) as at May 31, 2012 and the related consolidated statements of operations, stockholders equity, and cash flows for the year then ended. We have also audited the consolidated statement of operations, stockholders equity, and cash flows for the period from the date of inception on July 20, 2006 to May 31, 2012, except that we did not audit the financial statements for the period from inception on July 20, 2006 to May 31, 2011. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Company, is based on the report of those auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of the Company as of May 31, 2011 were audited by other auditors whose report dated September 9, 2011 expressed an unqualified opinion on those statements.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at May 31, 2012, and the results of its operations and its cash flows for the year then ended and for the period from the date of inception on July 20, 2006 to May 31, 2012 in conformity with generally accepted accounting principles in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going

concern. As discussed in Note 1, the Company has not generated revenues since its inception, has incurred annual losses, and further losses are anticipated. The Company requires additional funds to meet its obligations and ongoing operations. Management's plans in this regard are described in Note 1. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ MNP LLP

MNP LLP, Chartered Accountants

Vancouver, BC, Canada

September 13, 2012

**ACCOUNTING > CONSULTING > TAX**  
2300 1055 DUNSMUIR STREET, BOX 49148, VANCOUVER, BC V7X 1J1  
1.877.688.8408 P: 604.685.8408 F: 604.685.8594 [mnp.ca](http://mnp.ca)

**PORTAGE RESOURCES INC. AND SUBSIDIARIES**

(Pre-exploration Stage Company)

**CONSOLIDATED BALANCE SHEETS**

	<b>May 31,</b>	<b>May 31,</b>
	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 571	\$ -
<b>Total Assets</b>	<b>571</b>	<b>-</b>
<b>LIABILITIES AND STOCKHOLDERS DEFICIENCY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 107,947	\$ 28,537
Advances payable	108,404	108,364
Short-term loans	25,520	-
<b>Total Current Liabilities</b>	<b>241,871</b>	<b>136,901</b>
<b>STOCKHOLDERS DEFICIENCY</b>		
Common stock: 5,000,000,000 shares authorized, at \$0.001 par value		
445,700,000 shares and 407,200,000 issued and outstanding respectively.	445,700	407,200
Capital in excess of par value	2,099,250	(377,250)
Common Stock to be issued	2,478,990	-
Deficit accumulated during the pre-exploration stage	(5,265,240)	(166,851)
<b>Total Stockholders' Deficiency</b>	<b>(241,300)</b>	<b>(136,901)</b>
<b>Total Liabilities and Stockholders Deficiency</b>	<b>\$ 571</b>	<b>\$ -</b>

The accompanying notes are an integral part of these unaudited financial statements.



**PORTAGE RESOURCES INC.**

(Pre-exploration Stage Company)

**CONSOLIDATED STATEMENTS OF OPERATIONS**

For the year ended May 31, 2012 and 2011 and  
for the period from July 20, 2006 (date of the inception) to May 31, 2012

	<b>12 Months Ended</b>		<b>Date of Inception to May 31, 2012</b>
	<b>2012</b>	<b>2011</b>	
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENSES:</b>			
Exploration expenses	39,411	-	45,923
General and administrative fees	83,541	14,206	197,299
Impairment of mineral claim acquisition costs	4,930,000	-	4,935,000
Professional	30,168	6,099	68,963
Legal	10,269	1,286	18,055
	5,098,389	21,591	5,265,240
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	\$ (5,098,389)	\$ (21,591)	\$ (5,265,240)
<b>Basic and diluted earnings (loss) per common share</b>	\$ (0.01)	\$ (0.00)	
<b>Weighted average number of common shares outstanding - basic and diluted</b>	440,334,247	407,200,000	

The accompanying notes to financial statements are an integral part of these statements.



**PORTAGE RESOURCES INC.**

(Pre-exploration Stage Company)

**CONSOLIDATED STATEMENTS SHAREHOLDERS' EQUITY**

For the period from July 20, 2006 (date of the inception) to May 31, 2012

Shareholders Equity (USD \$)	Par Value			Deficit	Common Stock to Be Issued	Total Shareholders Equity
	Common Shares	Common Shares	Additional Paid-In Capital			
Beginning balance, at Jul. 19, 2006	-	-	-	-	-	-
Common stock issued for cash, February	250,000,000	250,000	(248,800)	-	-	1,200
Common stock issued for cash, May	157,200,000	157,200	(137,550)	-	-	19,650
Net Loss	-	-	-	(24,806)	-	(24,806)
Ending balance, at May, 31, 2007	407,200,000	407,200	(378,438)	(24,806)	-	(3,956)
Net Loss	-	-	-	(64,586)	-	(64,586)
Ending balance, at May, 31, 2008	407,200,000	407,200	(249,226)	(89,392)	-	(68,542)
Net Loss	-	-	-	(30,604)	-	(30,604)
Ending balance, at May, 31, 2009	407,200,000	407,200	(188,058)	(119,996)	-	(99,146)
Contributed capital, expenses	-	-	5,200	-	-	5,200
Net Loss	-	-	-	(25,264)	-	(25,264)
Ending balance, at May, 31, 2010	407,200,000	407,200	(142,730)	(145,260)	-	(119,210)
Contributed capital, expenses	-	-	3,900	-	-	3,900
Net Loss	-	-	-	(21,591)	-	(21,591)
Ending balance, at May 31, 2011	407,200,000	407,200	(377,250)	(166,851)	-	(136,901)
Common Stock issued	38,500,000	38,500	2,476,500	-	-	2,515,000
Common Stock to be issued	-	-	-	-	2,478,990	2,478,990
Net Loss	-	-	-	(5,098,389)	-	(5,098,389)
Ending balance, at May 31, 2012	445,700,000	445,700	2,099,250	(5,265,240)	2,478,990	(241,300)

The accompanying notes are an integral part of these unaudited financial statements.





**PORTAGE RESOURCES INC.**

(Pre-exploration Stage Company)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the year ended May 31, 2012 and 2011

and for the period from July 20, 2006 (date of the inception) to May 31, 2012

	<b>12 Months Ended</b>		<b>Period</b>
	<b>2012</b>	<b>2011</b>	<b>From</b>
			<b>July 20,</b>
			<b>2006</b>
			<b>(Inception)</b>
			<b>to</b>
			<b>May 31,</b>
			<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$(5,098,389)	\$(21,591)	\$(5,265,240)
Adjustment to reconcile net loss to net cash provided by operating activities:			
Capital contributions - noncash expenses	5,000	3,900	14,100
Impairment of mineral claim acquisitions	4,930,000	-	4,930,000
Changes in Accounts payable	79,410	4,478	107,947
Short-term loans	25,520	-	25,520
<b>Net cash used in operations</b>	<b>(58,459)</b>	<b>(13,213)</b>	<b>(187,673)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase Mineral Property claims	(20,000)	-	(20,000)
<b>Net Cash used in investing activities</b>	<b>(20,000)</b>	<b>-</b>	<b>(20,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from advances	40	12,381	108,404
Proceeds from issuance of common stock	78,990	-	99,840
Investor deposits	-	-	-
<b>Cash Flows Provided By Financing Activities</b>	<b>79,030</b>	<b>12,381</b>	<b>208,244</b>
Net (Decrease) In Cash	571	(832)	571
Cash at Beginning of Period	-	832	-
<b>CASH AT END OF PERIOD</b>	<b>\$ 571</b>	<b>\$ -</b>	<b>\$ 571</b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES</b>			
Shares issued to acquire mineral concessions	\$ 4,910,000	\$ -	\$ 4,910,000
Capital contributions - noncash expenses	\$ -	\$ 3,900	\$ 9,100

The accompanying notes are an integral part of these financial statements.

**PORTAGE RESOURCES INC.**

(Pre-exploration Stage Company)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2012

**1. ORGANIZATION AND BASIS OF PRESENTATION**

Portage Resources Inc. (the Company) was incorporated under the laws of the State of Nevada on July 20, 2006 with authorized common stock of 5,000,000,000 shares at \$0.001 par value.

The Company was organized for the purpose of acquiring and developing mineral properties. The Company has not reached the exploration stage and is considered to be in the pre-exploration stage.

On June 22, 2011, the Company incorporated two subsidiaries to undertake mineral acquisition and exploration activities in Peru known as Portage Resources Peru S.A. and Portage Minerals Peru Sociedad Anonima. Under Peruvian regulation each Company must have one Peruvian shareholder to be validly incorporated; therefore, the Company has incorporated each entity with 99 shares held by the Company and 1 share held by a Peruvian resident.

The Company is currently in the pre-exploration stage. It has acquired certain mining concessions but will require further exploration. The Company does not expect to generate any revenue from operations for some time. Further, the Company does not have sufficient fund available currently to service its debt and to pay its ongoing expenses which raises substantial doubt about its ability to continue as going concern.

Continuation of the Company as a going concern is dependent upon obtaining additional working capital either by loans or from equity financings. Management of the Company is currently negotiating certain equity funding, which, if successfully concluded will enable the Company to operate for the coming year. If the Company is unable to raise additional capital in the near future, due to the Company's liquidity problems, management expects that the Company will need to liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Dividend Policy

The Company has not yet adopted a policy regarding payment of dividends.

### Basic and Diluted Net Income (loss) Per Share

Basic net incomes (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common and common equivalent shares outstanding as if shares had been issued on the exercise of the common share rights unless the exercise becomes antidilutive and then the basic and diluted per share amounts are the same.

## Income Taxes

Income taxes are determined using assets and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted FASB ASC 740 as of its inception. Pursuant to FASB ASC 740 the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future periods; and accordingly is offset by a valuation allowance. FIN No. 48 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken in tax returns.

To the extent interest and penalties may be assessed by taxing authorities on any underpayment of income tax, such amounts would be accrued and classified as a component of income tax in our Consolidated Statements of Operations and Comprehensive Loss. The Company elected this accounting policy, which is a continuation of our historical policy, in connection with our adoption FIN 48.

Section 382 of the U.S. Internal Revenue Code imposes an annual limitation on the availability of NOL carry forwards to offset taxable income when an ownership change occurs. Due to the May 30, 2011 sale of stock from Messrs. Caron and James to Mr. Belfiore, some of the NOL s may be limited.

## Foreign Currency Translations

The functional currency of the Company and its subsidiaries is the US Dollar. Accordingly, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the balance sheet date while non-monetary assets and liabilities denominated in a foreign currency are translated at historical rates. Revenue and expense items denominated in a foreign currency are translated at exchange rates prevailing when such items are recognized in the statement of operations.

Exchange gains or losses arising on translation of foreign currency items are included in the statement of operations.

Revenue Recognition

Revenue is recognized on the sale and delivery of a product or the completion of a service provided.

Advertising and Market Development

The company expenses advertising and market development costs as incurred.

## Financial Instruments

The carrying amounts of financial instruments are considered by management to be their fair value due to their short term maturities.

## Fair Value Measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritize the inputs used to measure fair value into three levels and bases the categorization with the hierarchy upon the lowest level of input that is available and significant to the fair value measurement.

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

The Company's cash and cash equivalents and short-term investments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The carrying amounts of accounts payable, advances payable and short-term loans approximate their fair value due to short term maturities.



Impairment of Long-lived Assets

The Company reviews and evaluates long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The assets are subject to impairment consideration under ASC 360-10-35-17 if events or circumstances indicate that their carrying amounts might not be recoverable.

When the Company determines that an impairment analysis should be done, the analysis will be performed using rules of ASC 930-360-35, Asset Impairment, and 360-10-15-3 through 15-5, Impairment or Disposal of Long-Lived Assets.

Mineral Property Acquisition Costs

Mineral property acquisition costs are initially capitalized when incurred. These costs are then assessed for impairment when factors are present to indicate the carrying costs may not be recoverable.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

### Exploration Costs

Exploration costs, which include maintenance, development and exploration of mineral claims, are expensed as incurred. When it is determined that a mineral deposit can be economically developed as a result of establishing proven and probable reserves, the costs incurred after such determination will be capitalized and amortized over their useful lives. To date, the Company has not established the commercial feasibility of its exploration prospects; therefore, all exploration costs are being expensed.

### Comprehensive Income

FASB ASC220 *Reporting Comprehensive Income* establishes standards for the reporting and display of comprehensive income and its components in the financial statements.

### Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with general accepted accounting principles. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing these financial statements.

### Statement of Cash Flows

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

### Environmental Requirements

At the report date environmental requirements related to the mineral claim acquired are unknown and therefore any estimate of any future cost cannot be made.

### Principles of Consolidation

These financial statements include the accounts of the Company and its two subsidiaries (Portage Resources Peru S.A. and Portage Minerals Peru Sociedad Anomina) on a consolidated basis. All inter-company accounts have been eliminated.

### Recent Accounting Pronouncements

i)

ASU 2011-06

In January 2010, the FASB issued guidance regarding fair value: 1) adding new requirements for disclosures about transfers into and out of Levels 1 and 2 measurements and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements, and 2) clarifying existing fair value disclosures

about the level of disaggregation and about inputs and valuation techniques used to measure fair value.

The guidance also required that disclosures about postretirement benefit plan assets be provided by classes of assets instead of by major categories of assets. The guidance is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide Level 3 activity, which was effective for fiscal years beginning after December 15, 2010. The Company has adopted this guidance, which did not have any effect on its results of operations, financial position and cash flows.

ii)

ASU 2011-04

In May 2011, the FASB issued ASU 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The new guidance does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards within GAAP or International Financial Reporting Standards (IFRSs). The new guidance also changes the working used to describe many requirements in GAAP for measuring fair value and for disclosing information about fair value measurements and it clarifies the FASB's intent about the application of existing fair value measurements. The new guidance applies prospectively and is effective for interim and annual periods beginning after December 15, 2011. We do not expect the adoption of the new provisions to have a material impact on our financial condition or results of operations.

iii)

ASU 2011-05

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income (ASU 2011-05). The objective of this amendment is to increase the prominence of other comprehensive income in the financial statements. The amendments require entities to report components of net income and the components of other comprehensive income either in a continuous statement of comprehensive income or in two separate but consecutive statements. Additionally, the amendments in ASU 2011-05 require an entity to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statements where the components of net income and the components of other comprehensive income are presented. In December 2011, the FASB issued Accounting Standards Update No. 2011-12, which deferred the specific requirements related to the presentation of reclassification adjustments. This amendment is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We expect the adoption of this ASU will affect financial statement presentation only.

iv)

ASU 2011-08

In September 2011, FASB issued Accounting Standards Update No. 2011-08, Testing Goodwill for Impairment (ASU 2011-08), which amends the guidance in ASC 350-20. The amendments in ASU 2011-08 provide entities with the option of performing a qualitative assessment before performing the first step of the two-step impairment test. If entities determine, on the basis of qualitative factors, it is not more likely than not that the fair value of the reporting unit is less than the carrying amount, then performing the two-step impairment test would be unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. ASU 2011-08 also provides entities with the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to the first step of the two-step impairment test.

ASU 2011-08 is effective for interim and annual periods beginning after December 15, 2011 but early adoption is permitted. The Company does not expect material financial statement implications relating to the adoption of this ASU.

### 3. ACQUISITION OF MINERAL CLAIMS

#### *ROK - 120*

In late 2006, the Company had the ROK 1-20 claims staked and ownership put into its own name. In December 2009, the Company allowed its mineral claims to lapse without any work being performed on them. The Company has no further rights to the minerals on the claims nor does it have any liabilities attached thereto.

The acquisition costs have been impaired and expensed because there has been no exploration activity nor has there been any reserve established and we cannot currently project any future cash flows or salvage value for the coming year and the acquisition costs will not be recoverable.

#### *WUAKAKUY*

On June 25, 2011, Portage Resources Peru S.A. ( Portage Peru ) entered into an assignment agreement with Airon Peru S.A.C. ( Airon ) whereby Airon assigned all rights and interest in a joint venture (the Joint Venture ) to the mining concession Wuakakuy to Portage Peru. Under the terms of the assignment agreement Portage Peru agreed to explore the concession pursuant to the terms of the Joint Venture. The Company has agreed to spend a minimum of \$150,000 on drilling and /or exploration costs and to drill a minimum of 1000 meters within 18 months from the date of the agreement. Should the Company fail to meet its obligations under the agreement then the property will revert back to Airon. Portage Resources Inc. (the Company ) issued to Airon a total of 20,000,000 common shares of the Company valued at \$0.06 per share based on the closing price of the shares on June 24, 2011. Also, Airon was to receive a retainer of \$2,000 per month for consulting services commencing June 25, 2011. The retainer payment was verbally agreed between the Company and Airon to be extended until such time as the Company has raised sufficient funding to pay the payments required. During the year ended May 31, 2012, a total of \$18,000 was remitted for services provided.

The acquisition costs related to the Wuakakuy property have been impaired and expensed because there has been no exploration activity nor has there been any reserves established and we cannot currently project any future cash flows or salvage value for the coming year and the acquisition costs will not be recoverable.

#### *LINDEROS*

On June 27, 2011, Portage Minerals Peru S.A. ( Portage Minerals ) entered into a purchase and sale agreement to acquire all rights, title and interest to the Linderos 4 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, and Peru with Nilam Resources Inc. ( Nilam ). As consideration for the acquisition of the mining concession the Company issued to Nilam a total of 10,000,000 common shares of the Company valued at \$0.07 per share based on the closing price of the Company s common stock on June 27, 2011.

On July 4, 2011, Portage Minerals entered into a purchase and sale agreement to acquire all rights, title and interest to the Linderos 5 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, and Peru with Nilam. As consideration for the acquisition of the mining concession the Company issued to Nilam a total of 8,000,000 common shares of the Company valued at \$0.07 per share based on the closing price of the Company s common stock on July 4, 2011.

The acquisition costs related to the Linderos 4 and 5 properties have been impaired and expensed because there has been no exploration activity nor has there been any reserves established and we cannot currently project any future cash flows or salvage value for the coming year and the acquisition costs will not be recoverable.

As of May 31, 2012, the Company is in the process of registering formal title of the Linderos properties in Company's name.

### ***CORDILLERA NEGRA***

On July 22, 2011, Portage Peru entered into agreements to acquire certain mineral concessions known as A.Cordillera Negra located approximately 13 kms from the great Antamina Mine. Portage Minerals entered into a purchase agreement with Claver Albert Huerta Morales to acquire the concessions, consisting of two properties with a total of 1,200 hectares. The CORDILLERA NEGRA EC property is 1,000 hectares, and the adjacent CORDILLERA NEGRA 2 EC property is 200 hectares. As Per the agreement between the parties, Portage made a payment of \$10,000 on signing of the agreement, and a further \$10,000 on September 15, 2011, leaving total additional outstanding payments of US\$1,535,000 over the next 42 months. Following the initial payments, the Company will pay \$35,000 to obtain a 43-101 geological report within five months of receiving the public deed, and thereafter, if the report is determined to be favorable, the Company will remit payments as follows:

- US\$ 250,000 after thirty (30) months of receipt of the public deed.
- US\$ 250,000 after thirty six (36) months of receipt of the public deed.
- US\$ 1,000,000 after forty two (42) months of receipt of the public deed.

The acquisition costs related to the Cordillera Negra properties have been impaired and expensed because there has been no exploration activity nor have there been any reserves established and we cannot currently project any future cash flows or salvage value for the coming year and the acquisition costs will not be recoverable. The Company does not intend to pursue further exploration of the concessions.

### ***ROCAS***

On September 26th 2011, Portage Minerals Peru S.A. (Portage) entered into a sales and purchase agreement with Nilam Resources Inc. (Nilam) to acquire 55% of the mining concession called Rocas#1, Reco 7 with Code 01046810, with 400 hectares, located in Chiquian district, Department of Ancash. The terms of the acquisition include a minimum investment of \$100,000 USD or 800 meters of drilling within 24 months of all permits and registry of the 55% ownership of the project with Nilam retaining 45% of the project. Further, the remaining 45% of the project can be acquired from Nilam by Portage at any time by the payment of \$0.675 per each ounce of silver on the total silver resources. Under the terms of the Agreement, Nilam is to receive 7,000,000 shares of the common stock of Portage Resources Inc. These shares were valued at \$0.20 based on the closing price of the Company's common stock on September 26, 2011.



On September 30th 2011, Portage Minerals Peru S.A. (Portage) entered into a sales and purchase agreement with Nilam Resources Inc. (Nilam) to acquire 55% of the mining concession called Rocas#2, Ruth PB code 010516107, with 200 hectares, located in Chiquian district, Department of Ancash. The terms of the acquisition include a minimum investment of \$50,000 USD or 200 meters of drilling within 24 months of all permits and registry of the 55% ownership of the project with Nilam retaining 45% of the project. Further, the remaining 45% of the project can be acquired from Nilam by Portage at any time by the payment of \$0.675 per each ounce of silver on the total silver resources. Under the terms of the Agreement, Nilam is to receive 3,500,000 shares of the common stock of Portage Resources Inc. These shares were valued at \$0.30 based on the closing price of the Company's common stock on September 26, 2011.

The acquisition costs related to the Rocas properties have been impaired and expensed because there has been no exploration activity nor have there been any reserves established and we cannot currently project any future cash flows or salvage value for the coming year and the acquisition costs will not be recoverable.

#### **4. ADVANCES PAYABLE**

During the fiscal year ended May 31, 2011, a director of the Company made advances of \$12,381 to the Company for operations, and paid expenses on behalf of the Company of \$3,900 (\$5,200 in 2009). These advances are non-interest bearing and payable on demand. On May 30, 2011 the Director resigned from the Board of Directors of the Company, and as at May 31, 2011 the entire amount advanced by this former Director, totaling \$108,364, was reclassified as advances payable. On June 22 2011, the former director made an additional advance of \$40 to the Company. As at May 31, 2012, the balance due to this former director totaled \$108,404. This amount is unsecured, bears no interest and has no specific terms of repayment.

#### **5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES**

For year ended May 31, 2012, Portage Resource Inc. has paid \$6,740 to Mr. Paul Luna Belfiore, a director and officer of the Company for consulting services.

#### **6. COMMON STOCK**

On April 30, 2008 the directors of the Company approved a resolution to forward split the common shares of the Company on the basis of thirty-nine (39) new shares for each one (1) share of common stock then held (the Forward Split ). As a result of the Forward Split every one outstanding share of common stock was increased to forty shares of common stock.

On May 1, 2008, the Secretary of State of Nevada accepted an amendment to the Articles of Incorporation filed by the Company increasing the total number of authorized shares of common stock to 500,000,000 shares of common stock with a par value of \$0.001 per share.

On February 4, 2011, the Board of Directors approved a ten for one (10:1) forward split of the issued and authorized shares of the Company. The Record Date of the Forward Split was February 27, 2011 for shareholders of record to receive the forward split shares. The Company's authorized common stock increased from 500,000,000 shares of common stock with a par value of \$0.001 to 5,000,000,000 shares of common stock with a par value of \$0.001.

On May 30, 2011, Paul Luna Belfiore ( Mr. Belfiore ) acquired control of four hundred eighty million (480,000,000) shares of the Company s issued and outstanding common stock, representing approximately 75.33% of the Company s total issued and outstanding common stock, from Martine Caron ( Mr. Caron ), and Russell L. James ( Mr. James ) in accordance with stock purchase agreements between Mr. Belfiore and Messrs. Caron and James, respectively, (the Stock Purchase Agreements ). Pursuant to the Stock Purchase Agreements, Mr. Belfiore paid an aggregate purchase price of twenty thousand dollars (\$20,000) to Messrs. Caron and James in exchange for the shares.

On June 13, 2011, the Company entered into a private placement with one investor for the amount of \$50,000 at \$0.10 per common share, for 500,000 shares of common stock. As at May 31, 2012, all the shares have been issued.

On June 25, 2011, the Company s wholly owned subsidiary, Portage Resources Peru S.A. ( Portage Peru ) entered into an assignment agreement with Airon Peru S.A.C. ( Airon ) whereby Airon assigned all rights and interest in a joint venture (the Joint Venture ) to the mining concession Wuakakuy to Portage Peru. In consideration for the assignment, Portage Resources Inc. (the Company ) issued a total of 20,000,000 common shares of the Company to Airon.

On June 27, 2011, the Company's wholly owned subsidiary, Portage Minerals Peru S.A. ( Portage Minerals ) entered into a purchase and sale agreement to acquire all rights, title and interest to the Linderos 4 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, and Peru with Nilam Resources Inc. ( Nilam ). As consideration for the acquisition of the mining concession, the Company issued a total of 10,000,000 common shares of the Company to Nilam.

On July 4, 2011, the Company's wholly owned subsidiary, Portage Minerals entered into a purchase and sale agreement to acquire all rights, title and interest to the Linderos 5 mining concession in Tabaconas District, San Ignacio Province, Department of Cajamarca, and Peru with Nilam. As consideration for the acquisition of the mining concession, the Company issued a total of 8,000,000 common shares of the Company to Nilam.

### ***COMMON STOCK TO BE ISSUED***

On July 27, 2011, the Board of Directors unanimously approved a dividend whereby the shareholders of the Company will receive a dividend payable as a ten for one (10:1) forward split of the issued and outstanding shares of Common Stock of the Company pursuant to Section 78.215 of the Nevada Revised Statutes. Further, as part of this approved action of the Board of Directors, the Company's Executive Officer, and Mr. Paul Luna Belfiore agreed to return a total of 230,000,000 restricted shares to treasury for cancellation prior to the Effective Date. As at October 31, 2011 the Company had not yet received FINRA approval for the above-noted transaction and withdrew the dividend. Concurrent with this action, the Board of directors agreed to re-issue 230,000,000 restricted shares to Mr. Belfiore. As at the date of this report, the 230,000,000 shares remain unissued.

On August 10th, 2011, the Company entered into a share purchase agreement with Nilam Resources S.A. Peru ( Nilam ), whereby subscribed for a total of 194,500 shares of common stock of the Company at \$0.10 per common share for proceeds of \$19,540. The funds have been received from Nilam; however the shares have not yet been issued. During the year ended May 31, 2012 the Company received further advances from Nilam totaling \$9,450 under another share purchase agreement for a total of 315,000 shares of common stock at a price of \$0.03 per share. These shares were issued subsequent to May 31, 2012.

On September 26th 2011, Portage Minerals Peru S.A. (entered into a sales and purchase agreement with Nilam Resources Inc. (Nilam) to acquire 55% of the mining concession called Rocas#1. Under the terms of the Agreement, Nilam is to receive 7,000,000 shares of the common stock of Portage Resources Inc. These shares were valued at \$0.20 based on the closing price of the Company's common stock on September 26, 2011 (Note 3). These shares were issued subsequent to May 31, 2012.

On September 30th 2011, Portage Minerals Peru S.A. entered into a sales and purchase agreement with Nilam Resources Inc. (Nilam) to acquire 55% of the mining concession called Rocas#2. Under the terms of the Agreement,

Nilam is to receive 3,500,000 shares of the common stock of Portage Resources Inc. These shares were valued at \$0.30 based on the closing price of the Company's common stock on September 26, 2011 (Note 3). These shares were issued subsequent to May 31, 2012.

### ***EQUITY LINE OF CREDIT***

On October 12, 2011, the Company signed a definitive agreement with Grupo Industrial Canamex ( Canamex ) for a \$3,000,000 draw-down equity line of credit to further develop its significant mining properties in Peru. The agreement is for a period of twenty four months from the date of execution on October 12, 2011 (the Commitment Period ). Under the terms of the drawdown equity financing agreement at any time during the Commitment Period, the Company at its sole and exclusive option, may issue and sell to Canamex by way of a drawdown notice provided to Canamex and Canamex shall be obligated to purchase from the Company shares of the Company s common stock. The number of shares that Canamex shall purchase pursuant to each advance shall be determined by dividing the amount of the advance by the purchase price which shall be set at 95% of the lowest VWAP of the common stock during the pricing period which shall mean the five consecutive trading days after the draw down notice. The maximum advance amount share not exceed \$250,000 or two hundred percent of the average daily volume based on the trailing ten days preceding the drawdown notice. Should the Company fail to deliver the shares pursuant to the terms of the agreement then there are penalties to the Company for each \$10,000 worth of common stock not delivered of one hundred dollars for each day not delivered up to 10 days late and \$200 for each day late after the tenth day. As at May 31, 2012 there have been no transactions under the equity line.

### **7. SHORT-TERM LOANS**

On November 30, 2011, the Company requested a loan from Nilam Resources Inc. of \$5,520 due on demand. The loan bears no interest for six months whereby non-payment after six months should incur a \$100 per month non-compounded interest charge.

On January 4, 2012, the Company requested a loan from BTL Media Corp. of \$20,000 on demand. The loan bears no interest for six months whereby non-payment after six months should incur a \$100 per month non-compounded interest charge.

### **8. INCOME TAXES**

The following table reconciles the expected income taxes expense (recovery) at the United States federal statutory income tax rates to the amounts recognized in the consolidated statements of operations for the years ended May 31, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Income (loss) before taxes	(5,208,389)	(21,591)
Statutory tax rate	34%	34%
Expected income tax (recovery)	(1,770,767)	(7,341)
Change in valuation allowance	1,567,031	7,341
Foreign tax rate difference	203,736	-
Total income taxes (recovery)	-	-

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at May 31, 2012 and 2011 are comprised of the following:

United States:

	<b>2012</b>	<b>2011</b>
Net operating loss carryforwards	95,744	56,729
Valuation allowance	(95,744)	(56,729)
Deferred tax asset	-	-

Peru:

	<b>2012</b>	<b>2011</b>
Net operating loss carryforwards	1,150,016	-
Mineral Property	378,000	-
	1,528,016	-
Valuation allowance	(1,528,016)	-
Deferred tax asset	-	-

The Company has net operating loss carryforwards of approximately \$281,600 which may be carried forward to apply against future year income tax for United States income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

EXPIRATION	
2027	24,806
2028	64,586
2029	30,604
2030	25,264
2031	21,591
2032	114,749
<b>TOTAL</b>	<b>276,600</b>

The Company has net operating loss carryforwards of approximately \$3,833,388 which may be carried forward to apply against future year income tax for Peruvian tax purposes. The losses expire in 2016. These losses are subject to final determination by the taxation authorities.

Effective January 1, 2009, the Company adopted the interpretation for accounting for uncertainty in income taxes which was an interpretation of the accounting standard accounting for income taxes. This interpretation created a single model to address accounting for uncertainty in tax positions. This interpretation clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.



We file income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. As at May 31, 2012 the operating losses noted above are based on estimates. The actual operating losses could differ from these estimates. We do not have any unrecognized tax benefits or loss contingencies. Unrecognized tax benefits are not expected to increase or decrease within the next twelve months.

**9. SUBSEQUENT EVENTS**

There were no subsequent events as at the report date.



## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

In the fiscal year ended May 31, 2012, there have been no changes in the Company's accounting policies, nor have there been any disagreements with our accountants.

## **ITEM 9A(T). CONTROLS AND PROCEDURES**

### *Evaluation of Disclosure Controls and Procedures*

Our management, under supervision and with the participation of the Company's Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e). Based upon this evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of May 31, 2012, because of the material weakness in our internal control over financial reporting (ICFR) described below, our disclosure controls and procedures were not effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that required information to be disclosed in our reports filed or submitted under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that required information to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

### *Management's Report on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Exchange Act Rules 13a-15(f) and 14d-14(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial reporting reliability and financial statement preparation and presentation. In addition, projections of any evaluation of effectiveness to future periods are subject to risk that controls become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of May 31, 2012. In making the assessment, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on its assessment, management concluded that, as of May 31, 2012, our internal control over financial reporting was not effective and that material weaknesses in ICFR existed as more fully described below.

As defined by Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements established by the Public Company Accounting Oversight Board ( PCAOB ), a material weakness is a deficiency or combination of deficiencies that results in more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected. In connection with the assessment described above, management identified the following control deficiencies that represent material weaknesses as of May 31, 2012:

1)

Lack of an independent audit committee or audit committee financial expert, and no independent directors. We do not have any members of the Board who are independent directors and we do not have an audit committee. These factors may be counter to corporate governance practices as defined by the various stock exchanges and may lead to less supervision over management; Inadequate staffing and supervision within our bookkeeping operations. We have one consultant involved in bookkeeping functions, who provides one staff member. The relatively small number of people who are responsible for bookkeeping functions and the fact that they are from the same firm of consultants prevents us from segregating duties within our internal control system. The inadequate segregation of duties is a weakness because it could lead to the untimely identification and resolution of accounting and disclosure matters or could lead to a failure to perform timely and effective reviews. This may result in a failure to detect errors in spreadsheets, calculations or assumptions used to compile the financial statements and related disclosures as filed with the SEC;

2)

Outsourcing of our accounting operations. Because there are no employees in our administration, we have outsourced all of our accounting functions to an independent firm. The employees of this firm are managed by supervisors within the firm and are not answerable to the Company's management. This is a material weakness because it could result in a disjunction between the accounting policies adopted by our Board of Directors and the accounting practices applied by the independent firm;

3)

Insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements;

4)

Ineffective controls over period end financial disclosure and reporting processes.

#### *Management's Remediation Initiatives*

As of May 31, 2011, management assessed the effectiveness of our internal control over financial reporting. Based on that evaluation, it was concluded that during the period covered by this report, the internal controls and procedures were not effective due to deficiencies that existed in the design or operation of our internal controls over financial reporting. However, management believes these weaknesses did not have an effect on our financial results. During the course of their evaluation, we did not discover any fraud involving management or any other personnel who play a significant role in our disclosure controls and procedures or internal controls over financial reporting.

Due to a lack of financial and personnel resources, we are not able to, and do not intend to, immediately take any action to remediate these material weaknesses. We will not be able to do so until, if ever, we acquire sufficient financing and staff to do so. We will implement further controls as circumstances, cash flow, and working capital permits. Notwithstanding the assessment that our ICFR was not effective and that there were material weaknesses as identified in this report, we believe that our financial statements contained in our Annual Report on Form 10-K for the period ended May 31, 2012, fairly presents our financial position, results of operations, and cash flows for the periods covered, as identified, in all material respects.

Management believes that the material weaknesses set forth above were the result of the scale of our operations and intrinsic to our small size. Management also believes that these weaknesses did not have an effect on our financial results.

We are committed to improving our financial organization. As part of this commitment, we will, as soon as funds are available to the Company (1) appoint outside directors to our board of directors sufficient to form an audit committee and who will undertake the oversight in the establishment and monitoring of required internal controls and procedures; (2) create a position to segregate duties consistent with control objectives and to increase our personnel resources. We will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary, and as funds allow.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

*Changes in Internal Control over Financial Reporting*

During the period covered by this report, there were no changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls over financial reporting that occurred that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

The Company has not had any mining safety or health hazard issue.





**PART III****ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****Executive Officer and Directors**

Our officers and Directors and their ages and positions are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Appointment</b>
Paul Belfiore	52	President, Secretary, Treasurer, Chief Executive Officer, Chief Financial Officer and Director	May 30, 2011
Oscar Tinoco	56	Vice President Operations and Director	June 15, 2011
Elias Garate	63	Vice President Exploration and Director	June 20, 2011

***Mr. Paul Belfiore, President, Secretary, Treasurer, Chief Executive Officer, Chief Financial Officer, Director***

Mr. Belfiore is a metallurgical engineer with over 20 years of experience in the mining industry. He has been the director of Alto Petroleo ( Alto ) in Canada since October 2007. As Director, Mr. Belfiore has been in charge of the major agreements and projects for Alto. During the first half of his career, Mr. Belfiore worked in several roles including production contracting and negotiating in various countries in South America with a focus on precious metals. Mr. Belfiore has been a General Manager of Cotomaran Energy, a Peruvian company which is conducting a 500 MW hydroelectric feasibility project on rivers in Peru, since August 2004. From June 2005 to December 2007, Mr. Belfiore was the general manager of Ironman Mining in Peru, where he was in charge of contract negotiations and major drilling programs. From March 2003 until April 2008, Mr. Belfiore was General Manager of Goldmarca in Peru, participating in the Condor project drilling program where Goldmarca drilled one of the best intercepts in gold history with 50 Mts. of 18yrs. In 1996, Mr. Belfiore was promoted to Executive Director of El Misti Gold working in the acquisitions area, where he was responsible of the Sinchao project (USD\$12 Billion in metal content) amalgamation and Santa Rosa project. Mr. Belfiore then worked for Brazilian Goldfields as Vice-president of Corporate development and was responsible for identifying, evaluating, and negotiating primarily in the Belem gold belt, Brazil. As an executive officer and director, Mr. Belfiore brings a wealth of management and leadership experience to Portage Resources Inc. and will lead the Company to acquire exploratory geological operations and mineral assessment. Mr. Belfiore is fluent in English and Spanish.

***Mr. Oscar Tinoco, Vice President Operations and Director***

Mr. Oscar Tinoco is a Metallurgical Engineer and has over 35 years of experience in the mining industry throughout Peru and Colombia. Mr. Tinoco has been a consultant for companies such as Vena resources, FLSmidth (Colombia) Corp and San Manuel (Peru). He has extensive experience throughout South America in drilling exploration programs. These projects include Goldmarca, Vena Resources and drilling companies such as Anderson drilling (Australia) consulting. Mr. Tinoco has participated in all aspects of numerous Metallurgical construction plants.

***Mr. Elias Garate, Vice President Exploration and Director***

Mr. Garate is a Geologist who has led exploration teams for El Misti Gold, Minas de Cobre Chapi, Sucahualla, Mineral Colibri and whose efforts assisted in the development of over 4 producing mines in Peru. He has experience in both underground and open pit mining. He has held executive positions with Andean American, Goldmarca and Minera Colibri.

### **Code of Ethics**

As of the date of this report, the Company has not adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Company intends to review and finalize the adoption of a code of ethics during the fiscal year ended May 31, 2012. Upon adoption, the Company will file a copy of its code of ethics with the Securities and Exchange Commission as an exhibit to its annual report for the period during which the code of ethics is adopted.

### **Nominating Committee**

There have been no material changes to the procedures by which security holders may recommend nominees to the Company's board of directors. The Company does not currently have a nominating committee.

### **Audit Committee**

At this time, the Company is not required to have an audit committee. Further, since there are not sufficient independent members of the Board it is not feasible at this time to have an audit committee. The Board of Directors performs the same functions as an audit committee. The Board of Directors in performing its functions as an audit committee has determined that it does not have an audit committee financial expert.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our Directors, executive officers, and stockholders holding more than 10% of our outstanding common stock, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in beneficial ownership of our common stock.

Executive officers, directors and greater-than-10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file.

Based on a review of Forms 3, 4, and 5 and amendments thereto furnished to the registrant during its most recent fiscal year ending May 31, 2011, the following represents each person who did not file on a timely basis reports required by Section 16(a) of the Exchange Act:

Name	Reporting Person	Form 3/# of transactions	Form 4/# of transactions	Form 5/# of transactions
Paul Belfiore	President, Secretary, Treasurer, Chief Executive Officer, Chief Financial Officer and Director	1	-	-

**ITEM 11. EXECUTIVE COMPENSATION.**

The particulars of compensation paid to the following persons during the fiscal period ended May 31, 2012 below:

Name and Principal Position	Year	Annual Compensation		Long Term Compensation			All Other Compensation	Total
		Salary	Bonus	Awards	Option Awards	Non-equity incentive plan compensation		
Paul Belfiore	2012	\$ 6,740	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

### **Outstanding Equity Awards at Fiscal Year-End**

None

### **Option Grants and Exercises**

There were no option grants or exercises by any of the executive officers named in the Summary Compensation Table above. The Company does not have any stock option plans.

### **Employment Agreements**

As of the fiscal year ended May 31, 2012 we have not entered into employment agreements with our Director and Officer.

### **Compensation of Directors**

During the most recent fiscal year, no director was provided any compensation in their roles as directors of the Company.

The Company has made no arrangements for the cash remuneration of its director except as noted above, and to the extent that they will be entitled to receive reimbursement for actual, demonstrable out-of-pocket expenses, including travel expenses, if any, made on the Company's behalf.

### **Compensation Committee**

We do not currently have a compensation committee. The Company's Executive Compensation is currently approved by the Board of Directors of the Company in the case of the Company's Principal Executive Officer. For all other executive compensation contracts, the Principal Executive Officer negotiates and approves the contracts and compensation.



**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

**Security Ownership of Certain Beneficial Owners**

The following table sets forth information, as of May 31, 2012, with respect to the beneficial ownership of the Company's Common Stock by each person known by the Company to be the beneficial owner of more than 5% of the outstanding common stock. Information is also provided regarding beneficial ownership of common stock if all outstanding options, warrants, rights and conversion privileges (to which the applicable 5% stockholders have the right to exercise in the next 60 days) are exercised and additional shares of common stock are issued.

<b>Title Of</b>	<b>Name And Address Of Beneficial Owner</b>	<b>Amount And Nature Of Beneficial Owner</b>	<b>Percent Of</b>
<b>Class</b>			<b>Class (1)</b>
Common	Paul Luna Belfiore,  Av. Benavides 441, Apto 101B  Miraflores, Lima 18, Peru	250,000,000 common shares held directly	56.15%

**Common**

250,000,000 Common shares, issued & exercisable

(1) Beneficial ownership is determined in accordance with SEC rules and includes voting or investment power with respect to securities. All shares of common stock subject to options or warrants exercisable within 60 days of May 31, 2012 are deemed to be outstanding and beneficially owned by the persons holding those options or warrants for the purpose of computing the number of shares beneficially owned and the percentage ownership of that person. They are not, however, deemed to be outstanding beneficially owned for the purpose of computing the percentage ownership of any other person. Subject to the paragraph above, the percentage ownership of outstanding shares is based on 445,200,000 shares of common stock outstanding as of May 31, 2011.



**Security Ownership of Management**

The following table shows, as of May 31, 2012, of the Company's Common Stock beneficially owned by each director (including each nominee), by each of the executive officers and by all directors and executive officers as a group.

Information is also provided regarding beneficial ownership of common stock if all outstanding options, warrants, rights and conversion privileges (to which the applicable officers and directors have the right to exercise in the next 60 days) are exercised and additional shares of common stock are issued.

<b>Title Of Name Of Beneficial Owner</b>	<b>Amount And Nature Of Beneficial Ownership</b>	<b>Percent of Class (1)</b>
<b>Class</b>		
Common Paul Luna Belfiore, President, Secretary, Treasurer , Chief Executive Officer, Chief Financial Officer and director	250,000,000 shares held directly	56.15%
<b>CommonAll Officers and Directors as a group</b>	<b>250,000,000 common shares, issued and exercisable</b>	<b>56.15%</b>

- (1) Beneficial ownership is determined in accordance with SEC rules and includes voting or investment power with respect to securities. All shares of common stock subject to options or warrants exercisable within 60 days of May 31, 2012 are deemed to be outstanding and beneficially owned by the persons holding those options or warrants for the purpose of computing the number of shares beneficially owned and the percentage ownership of that person. They are not, however, deemed to be outstanding beneficially owned for the purpose of computing the percentage ownership of any other person. Subject to the paragraph above, the percentage ownership of outstanding shares is based on 445,200,000 shares of common stock outstanding as of May 31, 2012.

## **Changes in Control**

On May 30, 2011, Paul Luna Belfiore ( Mr. Belfiore ) acquired control of four hundred eighty million (480,000,000) shares of the Company s issued and outstanding common stock, representing approximately 75.33% of the Company s total issued and outstanding common stock, from Martine Caron ( Mr. Caron ), and Russell L. James ( Mr. James ) in accordance with stock purchase agreements between Mr. Belfiore and Messrs. Caron and James, respectively, (the Stock Purchase Agreements ). Pursuant to the Stock Purchase Agreements, Mr. Belfiore paid an aggregate purchase price of twenty thousand dollars (\$20,000) to Messrs. Caron and James in exchange for the shares.

## **Securities authorized for issuance under equity compensation plans.**

None

## **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

### **Certain Relationships and Related Transactions**

During the fiscal year ended May 31, 2011, a director of the Company made advances of \$12,381 to the Company for operations.

On May 30, 2011, Paul Luna Belfiore acquired 75.33% of the then issued and outstanding common shares of the Company, effecting a change in control.

On June 22 2011, the former director made an additional advance of \$40 to the Company. As at May 31, 2012, the balance due to this former director totaled \$108,404. This amount is unsecured, bears no interest and has no specific terms of repayment.

For year ended May 31, 2012, our company has paid \$6,740 to Mr. Paul Luna Belfiore, a director and officer of the Company for consulting services.



**Review, Approval or Ratification of Transactions with Related Persons**

The Company does not currently have any written policies and procedures for the review, approval or ratification of any transactions with related persons.

**Promotes and Certain Control Persons**

None

**Parents**

There are no parents of the Company.

**Director Independence**

As of the date of this Annual Report, we do not have any independent directors. In order that the Board can function independently of management, it will seek to appoint a majority of independent directors to the Board.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES***Audit, Audit-Related and Non-Audit Fees*

The following table represents fees for the professional audit services and fees billed for other services rendered by our current auditors, MNP LLP, Chartered Accountants, for the audit of our annual financial statements for the year ended May 31, 2012. For the period from Inception to May 31, 2012, the table represents fees for the professional services and fees billed for other services rendered by are former auditors, Madsen & Associates CPAs, Inc. For the year ended May, 31, 2012, the table represents fees for the professional services and fees billed by MNP LLP, Chartered Accountants and Madsen & Associates CPAs, Inc.

Description of Service	Fees	Fees
	(June 1, 2011 to May 31, 2012)	(June 1, 2010 to May 31, 2011)
	(\$)	(\$)
<b>Audit fees</b>	7,500	6,350
<b>Audit-related fees</b>	1,800	-
<b>Tax fees</b>	-	-
<b>All other fees</b>	-	-
<b>Total</b>	9,300	6,350



**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) (1) **Exhibits**

<b>Number</b>	<b>Exhibit</b>	<b>Reference</b>
31.1	Section 302 Certification - Principal Executive Officer and Chief Financial Officer	Filed herewith
32.1	Certification Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith





**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**PORTAGE RESOURCES INC.**

**Date:** September 18, 2012      **By:** /s/ Paul Belfiore

Name: Paul Belfiore

Title: Chief Executive Officer, Acting Chief Financial Officer, Acting Principal Accounting Officer, and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Paul Belfiore</u> <b>Paul Belfiore</b>	President, Secretary, Treasurer, Chief Executive Officer, Chief Financial Officer and Director	September 18, 2012
<u>/s/ Oscar Tinoco</u> <b>Oscar Tinoco</b>	Vice President Operations and Director	September 18, 2012
<u>/s/ Elias Garate</u> <b>Elias Garate</b>	Vice President Exploration and Director	September 18, 2012

